

STAFF REPORT

**OVERSIGHT BOARD FOR THE CITY OF MAYWOOD
AS SUCCESSOR AGENCY OF THE MAYWOOD
COMMUNITY REDEVELOPMENT AGENCY**

DATE: MAY 9, 2012

TO: HONORABLE CHAIR AND MEMBERS OF THE OVERSIGHT BOARD

FROM/BY: ANDRE DUPRET, PROJECT MANAGER

SUBJECT: REVIEW, APPROVE AND ADOPT THE CITY OF MAYWOOD
RECOGNIZED OBLIGATION PAYMENT SCHEDULE (ROPS) FOR THE
PERIOD JANUARY 1, 2012 THROUGH JUNE 30, 2012

RECOMMENDATION

That the Oversight Board for the City of Maywood, as Successor Agency of the Maywood Redevelopment Agency, review, adopt and approve the City of Maywood Initial Recognized Obligation Payment Schedule (IROPS) as the final, audited Recognized Obligation Payment Schedule (ROPS) for the period of January 1, 2012 through June 30, 2012.

FISCAL IMPACT

No fiscal impact with this action.

LEGAL REVIEW

The City Attorney has reviewed this staff report.

BACKGROUND

On December 29, 2011, in the *CRA v. Matosantos* case, the Court upheld ABX1 26 and invalidated ABX1 27 thereby eliminating redevelopment agencies and the voluntary option to pay to continue redevelopment. All redevelopment agencies in California were dissolved effective February 1, 2012 with assets, properties, and documents transferred to the successor agencies.

On January 27, 2012, the former-Maywood Redevelopment Agency board adopted the Enforceable Obligation Payment Schedule (EOPS) and adopted the Initial Recognized

Obligation Payment Schedule (IROPS) under H & S §34169 and remitted those reports to the City of Maywood (City) as the Successor Agency.

On April 9, 2012, the Successor Agency adopted the Initial Recognized Obligation Payment Schedule (IROPS) in accordance with H & S §34177. During the final days of April, 2012, the auditing firm of Moss, Levy & Hartsheim, LLP, audited the records of the former Maywood Redevelopment Agency to verify the contents of the IROPS.

DISCUSSION

Enforceable Obligation Payment Schedule (EOPS) – Covering February 1, 2012 until valid IROPS

The EOPS generally follows the budget and includes additional costs that may be anticipated to wind down the agency through the end of the fiscal year. After February 1st, only the obligations listed on the EOPS may be paid until a valid Initial Recognized Obligation Payment Schedule (IROPS) is recognized.

Generally, under H & S §34171, an enforceable obligation means:

- a) bonds, as defined by applicable code sections
- b) Loans
- c) Payments required by federal and state governments
- d) Judgments and settlements
- e) Any legal and binding agreement
- f) Contracts necessary for administration or operations of the successor agency
- g) Amounts borrowed from or owed to RDA Low Mod Fund
- h) Excludes certain loans between agencies creating the redevelopment agency and within certain periods.

In order to begin making payment on items not listed on the EOPS, the Initial Recognized Obligation Payment Schedule for the period of May 2012 to June 2012 (IROPS) must be adopted by the Oversight Board.

Initial Recognized Obligation Payment Schedule (IROPS) – Covering January 2012 until June 2012

The Oversight Board must approve the IROPS. The IROPS is generally a summarized version of the EOPS (see above). Staff has drafted the IROPS to mirror the EOPS, save for certain differences in coverage dates and items listed. After May 1, 2012, only the payments listed on the IROPS may be paid by the Successor Agency. Furthermore, the

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IROPS, once adopted, will replace the EOPS. However, the final IROPS must be adopted/approved by the Oversight Board in order to be certified.

In order to be a certified, the IROPS must be:

- 1) audited by an external auditor for accuracy
- 2) submitted to and approved by the Oversight Board
- 3) a copy of the IROPS approved by the Oversight Board is submitted to the a) County Auditor Controller, b) California Dept of Finance, c) posted on website of Successor Agency.

Today, the Oversight Board will review and consider a resolution approving the Initial Recognized Obligations Payment Schedule for the period covering January 2012 to June 2012. Should the Oversight Board approve the IROPS, it will be part of a certification process that will deem the IROPS as the official Recognized Obligations Payment Schedule (ROPS) (note that a new ROPS covering each new six month period must be certified by the Oversight Board). Copies will be submitted to the County Auditor Controller, California Department of Finance, and posted on the website of the Successor Agency.

After adoption of the IROPS, the Department of Finance has three business days to determine whether it needs to review the IROPS. If it ultimately decides to review/audit the IROPS, then it has ten days to complete its review/audit.

- Attachments:
- 1) Resolution of the Oversight Board
 - 2) 4/9/2012 Resolution of the Maywood Successor Agency Adopting the EOPS and IROPS
 - 2) EOPS (Council approved on 8/25/2011)
 - 3) IROPS (Council approved on 1/27/2012)

ATTACHMENT 1
Resolution

RESOLUTION NO. OB _____

A RESOLUTION OF THE OVERSIGHT BOARD FOR THE CITY OF MAYWOOD AS SUCCESSOR AGENCY OF THE MAYWOOD REDEVELOPMENT AGENCY APPROVING THE CITY OF MAYWOOD RECOGNIZED OBLIGATIONS PAYMENT SCHEDULE (ROPS) AS REQUIRED BY HEALTH AND SAFETY CODE SECTION 34177.

WHEREAS, the Maywood Redevelopment Agency, Maywood, California ("Agency") was formed for the purpose of revitalizing areas within the City of Maywood pursuant to Health and Safety Code Section 33000, et. seq.;

WHEREAS, AB X1 26 required the dissolution of all redevelopment agencies in the state, including prohibitions on certain actions by these agencies and requiring certain actions to be taken;

WHEREAS, the Maywood Redevelopment Agency adopted an Enforceable Obligation Payment Schedule (EOPS) pursuant to Health and Safety Code Section 34169(g);

WHEREAS, the Maywood Redevelopment Agency adopted an Initial Recognized Obligation Payment Schedule (IROPS) pursuant to Health and Safety Code Section 34169(h); and

WHEREAS, the City elected to serve as the successor agency to the Maywood Community Redevelopment Agency pursuant to Health and Safety Code Section 34173; and

WHEREAS, the City established a Redevelopment Obligation Fund pursuant to Health and Safety Code Section 34170.5(A);

WHEREAS, during the week of April 24, 2012, the records of the former Maywood redevelopment agency were audited by consultants of the County of Los Angeles to verify the validity of the IROPS.

NOW THEREFORE, THE OVERSIGHT BOARD FOR THE CITY OF MAYWOOD AS SUCCESSOR AGENCY TO THE MAYWOOD COMMUNITY REDEVELOPMENT AGENCY DOES RESOLVE, DETERMINE, FIND AND ORDER AS FOLLOWS:

SECTION 1. The Oversight Board finds that the above recitations are true and correct and, accordingly, are incorporated as a material part of this Resolution.

SECTION 2. The amended EOPS attached hereto as Attachment 3, Exhibit 1, and the IROPS attached hereto as Attachment 4, Exhibit 2, are hereby approved, adopted, and incorporated by reference by the Oversight Board for the City of Maywood as Successor Agency to the Maywood Community Redevelopment Agency pursuant to Health & Safety Code Section 34177.

SECTION 3. That the Successor Agency is hereby directed to provide a copy of the ROPS approved by the Oversight Board to the 1) County Auditor Controller, b) California Department of Finance, and c) posted on website of the Successor Agency.

SECTION 4. The City Clerk shall certify to the passage and adoption of this resolution and enter it into the book of original resolutions.

PASSED, APPROVED AND ADOPTED ON this 9th day of May, 2012.

Chair
Oversight Board of Successor Agency to the
Maywood community Redevelopment Agency

ATTEST:

APPROVED AS TO FORM:

Ivonne E. Umana
Oversight Board Secretary

Richard L. Adams II, City Attorney

I HEREBY CERTIFY the foregoing resolution was duly adopted by the Oversight Board of the Successor Agency to the Maywood Community Redevelopment Agency, at a special meeting held on the 9th day of May, 2012, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAINED:

Ivonne E. Umana,
Oversight Board Secretary

ATTACHMENT 2
4/9/2012 Resolution

RESOLUTION NO. SA 12-04

**A RESOLUTION OF THE CITY OF MAYWOOD AS SUCESSOR
AGENCY TO THE MAYWOOD REDEVELOPMENT AGENCY
ADOPTING THE ENFORCEABLE OBLIGATIONS PAYMENT
SCHEDULE (EOPS) AND INITIAL RECOGNIZED OBLIGATIONS
PAYMENT SCHEDULE (IROPS) AS REQUIRED BY HEALTH AND
SAFETY CODE SECTION 34177**

WHEREAS, the Maywood Redevelopment Agency, Maywood, California ("Agency") was formed for the purpose of revitalizing areas within the City of Maywood pursuant to Health and Safety Code Section 33000, et. seq.;

WHEREAS, AB X1 26 required the dissolution of all redevelopment agencies in the state, including prohibitions on certain actions by these agencies and requiring certain actions to be taken;

WHEREAS, the Maywood Redevelopment Agency adopted an Enforceable Obligation Payment Schedule (EOPS) pursuant to Health and Safety Code Section 34169(g);

WHEREAS, the Maywood Redevelopment Agency adopted an Initial Recognized Obligation Payment Schedule (IROPS) pursuant to Health and Safety Code Section 34169(h); and

WHEREAS, the City elected to serve as the successor agency to the Maywood Community Redevelopment Agency pursuant to Health and Safety Code Section 34173; and

WHEREAS, the City established a Redevelopment Obligation Fund pursuant to Health and Safety Code Section 34170.5(A); and

**NOW THEREFORE, THE CITY COUNCIL OF THE CITY OF MAYWOOD AS
SUCESSOR AGENCY TO THE MAYWOOD COMMUNITY REDEVELOPMENT
AGENCY DOES RESOLVE, DECLARE, DETERMINE AND ORDER AS FOLLOWS:**

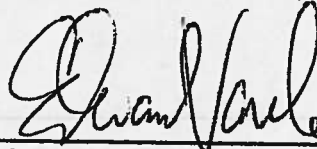
SECTION 1. The City as Successor Agency finds that the above recitations are true and correct and, accordingly, are incorporated as a material part of this Resolution.

SECTION 2. The amended EOPS attached hereto as Attachment 1, and the IROPS attached hereto as Attachment 2, are hereby approved, adopted, and incorporated by reference by the City as Successor Agency pursuant to Health & Safety Code Section 34177.

SECTION 3. The City Manager is hereby authorized to expend funds in accordance with the amended EOPS and amended IOPS until such time a certified Recognized Obligations Payment Schedule (ROPS) is adopted. The City Manager is further authorized to take all actions necessary to comply with AB X1 26.

SECTION 4. The City Clerk shall certify to the passage and adoption of this resolution and enter it into the book of original resolutions.

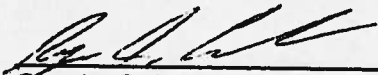
PASSED, APPROVED AND ADOPTED ON this 9th day of April, 2012.



Edward Varela, Mayor

ATTEST:

APPROVED AS TO FORM:



Sergio Calderon, City Clerk



Richard L. Adams II, City Attorney

I, Sergio Calderon, City Clerk of the City of Maywood, do hereby certify that the foregoing Resolution No. SA 12-04 was duly passed and adopted by the City Council of the City of Maywood, acting as the Successor Agency of the Maywood Redevelopment Agency, at a regular meeting held on the 9th day of April, 2012, by the following roll call vote, to wit:

AYES: Mayor Varela, Mayor Pro Tem Guardado, Councilmembers Aguirre and Magana

NOES: None

ABSENT: Councilmember Martin

ABSTAINED: None



Sergio Calderon, City Clerk

ATTACHMENT 3
Exhibit 1
EOPS (Council approved on 8/25/2011)

**AMENDED ENFORCEABLE OBLIGATIONS PAYMENT SCHEDULE
MAYWOOD REDEVELOPMENT AGENCY**

ENFORCEABLE OBLIGATIONS PAYMENT SCHEDULE <i>Council Approved on 8/25/11</i>				
No.	Description	Balance Due June 30, 2011	Due Within One Year	
			Principal	Interest
1	2007 Tax Allocation Bonds August 1 each year (Not due until 2012) February 1 each year (Not due until 2012) Reserves held by Wells Fargo Bank as FA Payee: US BANK	\$ 18,840,000	\$415,000 \$1,389,093	\$400,000 \$430,000
2	Advance From City of Maywood On Demand Payment Amount Payee: City of Maywood	\$ 5,337,474.00	\$700,000 Depends on Availability of Funds	\$4,637,474
3	Residential Rehab Program LACCDC Due Now Payee: Los Angeles County CDC	\$200,000	\$200,000	\$0
4	GMP 137 (Glass Blowers Union) Property relocation allowance and improvements Due Now Payee: GMP 137	\$7,500	\$7,500	\$0
Total All Payments Due		<u>\$ 24,384,974</u>	<u>\$2,711,593</u>	<u>\$5,467,474</u>

ADDITIONS TO THE ENFORCEABLE OBLIGATIONS PAYMENT SCHEDULE						
Council Approved on 1/27/12						
1 Administrative Costs - January 1, 2012 thru June 30, 2012						
Staff Time and Legal Services						
		Hours per Week	Hourly Rate	Costs per Week	Number of weeks	Costs for 6 months
	Andre Dupret	20.0	\$69	\$1,380	26	\$35,880
	Lilian Myers	9.6	\$108	\$1,038	26	\$27,000
	Regina Tercero	6.4	\$55	\$352	26	\$9,152
	Grace Cabrera	6.4	\$35	\$224	26	\$5,824
	Total					<u>\$77,856</u>
	Legal (Jones & Mayer)	20.0	\$180	\$3,800	26	<u>\$93,600</u>
	TOTAL, Staff & Legal					\$171,456
2 Maintenance and Improvements on the CDC Agency-owned Properties listed below.						
	Costs calculated at \$2,250 per month X 6 months					\$13,500
3 Residential Rehabilitation Program Projects						
	a. 4350 E. 58th St.				\$12,327	
	b. 5313 Fishburn Ave.				<u>\$18,856</u>	
	Total Residential Rehab Projects					<u>\$31,183</u>
TOTAL ADDITIONAL COSTS TO EOP SCHEDULE						<u>\$216,139</u>
<u>CDC Agency-Owned Properties</u>						
	a. 5102 District Blvd. (commercial site)		\$1,000,000			
	b. 5110 District Blvd. (commercial site)		\$700,000			
	c. 5515 Maywood Ave, (pocket park site)		<u>\$115,000</u>			
	Total CDC Agency-Owned Properties		<u>\$1,815,000</u>			

ATTACHMENT 4
Exhibit 2
IROPS (Council approved on 1/27/2012)

INITIAL RECOGNIZED OBLIGATION PAYMENT SCHEDULE (IROPS)

Approved by Council on 1/27/12

MAYWOOD REDEVELOPMENT AGENCY

No.	Description	Sources of Funds	Balance	Payments Due					
				January 2012	February 2012	March 2012	April 2012	May 2012	June 2012
1	2007 Tax Allocation Bonds Payee: US BANK On May 1, 2007 the CDC of the City of Maywood issued \$21,850,000 in Tax Allocation Bonds, Series 2007. The 2007 proceeds were used to refund the Commission's \$8,485,000 Variable Rate Demand Tax Allocation Bonds and certain redevelopment projects within the project areas to finance and to pay bond issuance costs. The 2007 Bonds will mature on August 1, 2037. Interests are payable on the February 1st and August 1st of each year. Principal payments commenced in FY 2010. The outstanding balance as of June 30, 2011 was \$19,255,000.	RDA Fund account reserve balance	\$ 19,255,000		\$ 430,000				\$ 430,000
2	Advances from the City of Maywood On Demand Payment Amount Payee: City of Maywood The advances that are payable to the City of Maywood represent loans from the City that took place in previous fiscal years (\$772,860) and interest that has accrued on the outstanding advances payable (\$4,588,043), for a total of \$5,360,903 as of June 30, 2011.	RDA Fund account reserve balance	\$ 5,360,903 Depends on availability of funds						
3	Additional Costs to EOPS Payee: City of Maywood								
3a	Administrative Costs - Staff time and legal services	Administrative Cost Allowance	\$ 171,456	\$ 28,578	\$ 28,578	\$ 28,578	\$ 28,578	\$ 28,578	\$ 28,578
3b	Maintenance and improvements on the 3 CDC Agency-owned Properties	Low-Moderate Income Housing Fund	\$ 13,500	\$ 2,250	\$ 2,250	\$ 2,250	\$ 2,250	\$ 2,250	\$ 2,250
3c	Residential Rehabilitation Projects	Low-Moderate Income Housing Fund	\$ 31,183	\$ 5,197	\$ 5,197	\$ 5,197	\$ 5,197	\$ 5,197	\$ 5,197
Total			\$ 24,832,042	\$ 36,023	\$ 466,023	\$ 38,023	\$ 38,023	\$ 38,023	\$ 38,023
									\$ 646,139